

Message Text

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PAGE 01 THE HA 04007 081423Z
ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 /033 W
-----032839 082007Z /64

R 081343Z AUG 77
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 980

UNCLAS THE HAGUE 4007

E.O. 11652: N/A
TAGS: EAIR, NL
SUBJ: KLM FIRST QUARTER PROFIT DOUBLED

1. KLM LAST WEEK ANNOUNCED A NET PROFIT OF 46.1 MILLION GUILDERS (ONE DOLLAR NOW EQUALS 2.43 GUILDERS) FROM APRIL THROUGH JJUE, THE FIRST QUARTER OF THE COMPANY'S FINANCIAL YEAR, THUS MORE THAN DOUBLING THE PROFIT OF 22.7 MILLION GUILDERS ACHIEVED IN SAME QUARTER LAST YEAR. REVENUES WENT UP BY EIGHT PERCENT TO 680.2 MILLION GUILDERS, WHILE OPERATING COSTS ROSE BY SEVEN PERCENT TO 627.5 MILLION GUILDERS. THIS RESULTED IN AN OPERATING PROFIT OF 52.7 MILLION GUILDERS COMPARED WITH 40.7 MILLION GUILDERS LAST YEAR. IN THE ENTIRE FINANCIAL YEAR 1976/1977 KLM REPORTED A PROFIT OF 77.1 MILLION GUILDERS.

2. THE FIRST QUARTER PROFITS ARE DUE MAINLY TO AN INCREASE OF TRAFFIC DURING THE FIRST QUARTER OF SEVEN PERCENT (INCLUDING AN INCREASE OF PASSENGER TRAFFIC BY 11 PERCENT TO 179.4 MILLION TON/MILES AND A DROP IN CHARTER TRAFFIC OF 22 PERCENT TO 26.0 MILLION TON/MILES). PRODUCTIVITY DURING THE FIRST QUARTER ROSE BY THREE PERCENT AND IS EXPECTED TO RISE BY FOUR TO FIVE PERCENT THIS YEAR. THE KLM LOAD FACTOR IMPROVED TO 56.3 PERCENT FROM FIRST QUARTER OF LAST YEAR'S 54.4 PERCENT. ACCORDING TO KLM PRESIDENT ORLANDINI A CONTINUATION OF THE FIRST QUARTER'S FAVORABLE RESULT WILL BE INFLUENCED BY THE GUILDERS STRONG POSITION, THE HIGH INFLATION AND HIGH WAGE COSTS AND UN-

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FAVORABLE MONETARY SITUATION (75 PERCENT OF KLM REVENUES ORIGINATE FROM FOREIGN OPERATIONS).

3. FOR THE COMING YEARS KLM PLANS A LIMITED EXPANSION OF ITS CAPACITY. ON THE INTERNATIONAL LINES KLM INTENDS TO LIMIT ITS SERVICE TO DC-10 AND BOEING 747 AIRCRAFT. KLM'S PRESENT FLEET OF WIDEBODY AIRCRAFT WILL BE IN SERVICE UNTIL 1986-1990.

WITHINTWO YEARS KLM WILL HAVE TO DECIDE ABOUT THE REPLACEMENT
OF ITS SHORT AND MEDIUM DISTANCE AIRCRAFT.
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Message Attributes

Automatic Decaptioning: X
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Concepts: PROFITS, AIRLINES
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Disposition Case Number: n/a
Disposition Comment:
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Disposition History: n/a
Disposition Reason:
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Executive Order: N/A
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Previous Handling Restrictions: n/a
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Retention: 0
Review Action: RELEASED, APPROVED
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Review Release Event: n/a
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Status: NATIVE
Subject: KLM FIRST QUARTER PROFIT DOUBLED
TAGS: EAIR, NL, KLM
To: STATE
Type: TE
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Review Markings:
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